

TRANSMITTAL #6

MEMORANDUM

March 24, 2011

TO: Workforce Development Council

FROM: Roger B. Madsen, Director *Roger B. Madsen*

SUBJECT: Federal Legislative Update – Impact on WIA

ACTION REQUESTED: Information Only

BACKGROUND:

Congress has enacted a continuing resolution to fund the government through April 8, 2011, for the current fiscal period. The Republican leaders in the House and Democratic leaders in the Senate remain far apart but pledge to reach a compromise rather than fund yet another continuing resolution. If they fail to do so, government will shut down.

The House passed HR1, which cuts \$60 billion from discretionary programs. HR.1 eliminates funding for the Workforce Investment Act job training programs for adults, dislocated workers and youth. In addition, it eliminates nearly all the act's discretionary grants such as the "Grow Green" grants and rescinds \$175 million in unobligated Dislocated Worker Reserve and Emergency Grant funding. The cuts were based on the premise that the system can operate for a year without an infusion of new funding. This is not the case in Idaho. We believe it is critical to highlight the potential impacts of this action upon the health of the Idaho economy and its job seekers and businesses.

Over the past program year, the nation's work force programs have provided training, job placement, job readiness and support services to over 8 million job seekers nationally and more than 335,000 in Idaho. During the same time period, the state's Workforce Investment Act program by itself has provided training and education services to nearly 3,500 adults, youth and dislocated workers using formula funds. In addition, almost 1,300 Idaho dislocated workers were served through the National Emergency Grants awarded for mass lay-off events too large to be handled by regular allocations. All told, nearly 6,700 Idaho citizens received some form of work force training last year when stimulus funds are included. Performance rates were lower in a challenging economy but continued to be impressive with 78% of adults and 85% of dislocated workers obtaining employment when they left the program with annualized earnings of \$23,944 for adults and \$30,944 for dislocated workers. Upon exit, 54% of our employment service customers found employment with earnings of more than \$25,000 per year.

With more funds available this year, we have already served more than 4,500 individuals, and nearly 2,900 are still in training. Currently we have nearly 113,000 individuals actively seeking work through our employment services program. Idaho still has more than 74,000 unemployed workers including 42,000 who received unemployment benefits each week.

Elimination of Workforce Investment Act funding for the next program year will have a dramatic negative impact to Idaho work force. Specifically:

- A loss of up to \$12 million to Idaho if the programs were funded at current levels and funds were not shifted to the federal government.
- Loss of access to any emergency funds to intervene in the event of major downsizing events or closures. No funds would be available to provide retraining for workers.
- Funds would likely be available to finish training for less than a third of the individuals ending the current year before completing training.
- Elimination of as many as 65 staff positions skilled in helping low-income adults, youth and dislocated workers obtain the training they need to gain entry to their first job or their next job.
- Funding losses will impact our state's educational system and other work force partners, with whom we have shared resources and referred customers and will ultimately result in a measurable decrease in demand for goods and services in local economies. Last year alone we spent nearly \$4.4 million for tuition and books for Workforce Investment Act participants in Idaho schools. Through discretionary funds, we were able to contribute nearly as much funding directly to the public secondary and postsecondary schools for equipment and supplies. Funds are also distributed in local communities for child care, gas and goods participants need to attend school or obtain employment.

We understand that Congress faces real challenges in bringing the federal deficit under control, and we expect some reductions but hopefully less severe.

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